

FSC-228-A

May 16, 1993

To All Region Managers, Region Military Managers, Region Operations Managers, Military Managers
SUBJECT: June Military Promotion

During June, Philip Morris will work a \$2-off promotion on all cartons of Marlboro cigarettes in military commissaries (DeCA). The promotion will run June 1-June 30. All shipments received during that period will be invoiced at \$120 off per case. PM personnel will take opening and closing inventories on Marlboro to offer inventory protection on existing product. They will visit all stores to affix price stickers to all cartons that will read "Country Store Price."

In order to remain competitive, effective June 1 and continuing through June 30, 1994, you are authorized to utilize \$2 coupons on 100% of all WINSTON and CAMEL styles sold during the month of June in commissaries where Marlboro is on promotion. At the same time, you are also authorized to utilize \$1.50 coupons on DORAL.

Implementation strategies are as follows:

- Match Marlboro call-for-call to insure that all CAMEL and WINSTON styles are at price parity.
- All military outlets, whether called on by Military Managers or Sales Reps, should aggressively match any Marlboro discounting strategy.
 - Include exchanges if Marlboro is being discounted.
- Utilize part-time or other manpower as needed.

Coupons

Preprinted multi-brand coupons are available on open order as follows:

<u>Coupon Description</u>	<u>Item #</u>	<u>Quantity Per SKU</u>
Multi-Brand 2.00 FP Carton Coupon	465863	100/Pkg
Multi-Brand Savings 1.50 Carton Coupon	466922	500/roll

In addition, you may utilize the Poqet/Coupon Printer where applicable.

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not us of 5/17
Sgt*

Budgets

Military full-price budgets for all military divisions will be available for viewing on BPE on Tuesday, May 17, and will include total budgets for the remainder of 1994. Budgets include additional funding needed to promote our WINSTON and CAMEL brand styles throughout the month of June at \$2 off per carton in all DeCA commissaries where Marlboro is discounting.

Additional funding has also been added to civilian region budgets as applicable to fund Field Sales placement of \$2 multi-brand coupons on WINSTON and CAMEL brand styles in military outlets not called on by Military Managers. Funding is designed to effectively cover 100% couponing of WINSTON and CAMEL product during the month of June in applicable military calls.

Learning/Best Practices

We learned during the price reduction last year that when WINSTON and CAMEL are placed at a price disadvantage to Marlboro, our business is significantly affected. Conversely, if we are at price parity with Marlboro, but at a price advantage over other full-price competitors, share of market for WINSTON and CAMEL increased (as did Marlboro's share). Not being at price parity results in volume erosion.

We realize your plates are extremely full; however, it is critical that we match Marlboro, call-for-call, in all military outlets throughout the month of June where Marlboro is being discounted.

We will be following the progress of the Marlboro promotion closely and would appreciate any input or information on the program's progress. Please keep your Managers informed.

Program Contacts: June Military Promotion - R. C. Gaillard, #2614
Budget - M. M. Hayes, #0394

R. J. REYNOLDS TOBACCO COMPANY

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